BEST AVAILABLE COPY

Consumer health fair takes Utah spotlight

For the sneezin' season, chains are plannin' big

Meat outlook: More lean days ahead

Chain Store Age Supermarkets

THE NEWSMAGAZINE FOR CORPORATE CHAINS, CO-OPS & VOLUNTARIES

November 1980

40-25804-211 12P N
01107 2311 P142800 FEB81
CONGRESSIONAL INFO SVC
ACQUISITIONS EDITOR N/F
7101 WISCONSIN AVE
WASHINGTON DC 20014

Has Giant created the ultimate combo store?

Chain Store Age
Supermarkets

November 1980

Although last to enter the warehouse race, Giant Food's unique Warehouse Values Test Store is off to a fast start ..... *p. 20.*

Meat Roundup

Consumer demand for beef has taken a nosedive, poultry supplies have been decimated by this summer's heat wave, low prices make pork a new favorite. *CSA* analyzes consumption trends, supply and price outlook for the year ahead. ... 37

Industry News

Fleming's Runyon: banking on one-to-one working relationships 17

Equipment profile: Shopwell taps unique source for new store fixturing 18

Giant Food: has the chain created the ultimate combo store? 20

Executive turnover: through the revolving door 25

Smith's health fair: Utah chain spotlights nutrition concerns 26

Merchandising News

Promotions: teaching some old games new tricks 31

Frozen foods: ethnic entrees spice up sales, profits 44

GM/H&BA Extra: what—and who—is new in nonfoods .. 51

Deo: executive musical chairs ..... *p. 25*

Cold relief: smart supermarketers plan H&BA for winter season 55

Rx for Safeway: chain sets ambitious pharmacy drive ... 62

Levis Report: if we could run the ideal store 65

Scan analysis: computer revolutionizes shelf space 66

Departments

Viewpoint
by John B. Lightfoot Jr. 7

Express Checkout 9

On Promotion
by Gene Mahany 12

Capital Report 68

What's New 69

Business News 74

CHAIN STORE AGE SUPERMARKETS (USPS 119-230, 281-140; ISSN 0193-1369) is published monthly by Lebhar-Friedman Inc., 425 Park Ave., New York, N.Y. 10022, at $28 a year; outside U.S.A.: Canada $29. Foreign subscriptions: Airmail only, $100 per year. Single copy rate, $3.50, except July Sales Manual, $10. Controlled circulation postage paid at Concord, N.H., and New York, N.Y., Vol. 56, No. 11.
Copyright© 1980 by Lebhar-Friedman Inc. All rights reserved.
Postmaster: Please send form 3579 to Chain Store Age Supermarkets, 99 Park Ave., New York, N.Y. 10016.

ALL CORRESPONDENCE should be addressed to Executive Offices, Chain Store Age Supermarkets, 425 Park Ave., New York, N.Y. 10022. FOR CHANGE OF ADDRESS, six weeks notice to Circulation Fulfillment Director, 99 Park Ave., New York, N.Y. 10016, is requested. Give old and new address and zip code. If possible enclose address portion from cover on previous issue. Member Audit Bureau of Circulations, and Magazine Publishers Association.

EXPRESS CHECKOUT

Billboards post super savings

"When you've got it, flaunt it," is the theory behind a new signage program recently started by

Ralphs Grocery Co., Compton, Calif.

To dramatize low prices, Ralphs now uses 3-ft. x 4-ft. signs for end-caps and 35-in. x 14-in. posters in its Super Savings Center. An extra plus is that the graphic design of these in-store billboards is a sure-fire customer-catcher, since it attracts shoppers' eyes anywhere on the selling floor.

Trade groups mull merger

The two leading wholesaler trade associations may soon take a cue from their super chain counterparts and amalgamate. Although many hurdles still must be overcome, the National-American Wholesale Grocers Association (NAWGA) and the Cooperative Food Distributors of America (CFDA) have taken the first tentative steps toward eventual merger.

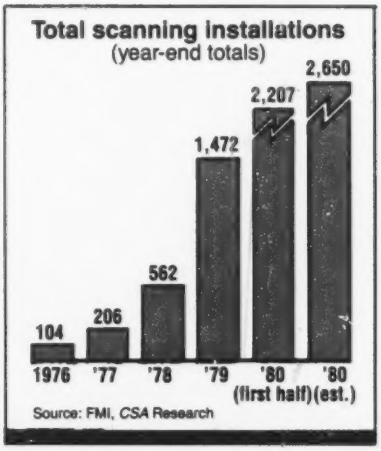
In light of the successful joining of the National Association of Food Chains and the Super Market Institute to form the Food Marketing Institute (FMI), a melding of the two major wholesaler groups appears to be a logical step. NAWGA officials are presently digesting a McKinsey & Co. report on how to improve the association's effectiveness, and a merger with Washington, D.C.-based CFDA would go a long way to giving NAWGA a bigger voice in Capitol Hill policy-making. On the other hand, CFDA, with 68 members, would gain increased clout from the infusion of numbers from 645-member NAWGA, much as NAFC drew strength from SMI's larger base.

Unspoken, but certainly a factor in any drive for a merger, is FMI's success in attracting independent retailers and wholesalers. A united NAWGA-CFDA would present these companies with a more attractive alternative.

Although a feasibility study is under way within both groups, reports had not yet been submitted as *CSA* goes to press. Even if these preliminary investigations give a green light for a merger, however, it is doubtful that it could be accomplished before sometime in 1982.

Winn-Dixie tops scanning list

Winn-Dixie Stores, Jacksonville, Fla., has become the first chain with more than 200 scanner-equipped supermarkets. The



Southeast retailer was not one of the trailblazers when the automated front-end system was first introduced in the mid-1970's, but it has more than made up for a tardy start by installing the equipment at a breakneck pace over the last 18 months. Other chains with more than 100 installations are Publix (146), Kroger (146), Giant (121) and Alpha Beta (102).

NCR has taken a significant lead over archrival IBM in terms of number of systems installed. NCR currently has 794 systems on-line, 36.0% of the total, vs. 739 systems for IBM.

A&P testing new strategy

And here it is . . . the latest merchandising campaign to get volume growing at the Great Atlantic & Pacific Tea Company. Chairman James Wood is betting that "At the new A&P, we watch our Ps and Qs" [price and quality] will triumph where WEO, "Price & Pride" and "the Man in the Red Jacket" failed.

"A&P must lose the high-price image," declares Wood. The revamped strategy will have the Tea Company meeting the competition's prices on the 1,000 fastest movers and staying in the ballpark on the rest.

Field testing is already under way in the two New Jersey regions of the chain's New York Metro division. If successful, it will be extended to the Metro division's Long Island and Bronx regions by the end of the year, with further expansion to other A&P divisions tentatively planned for spring 1981.

New Jersey, where Pathmark and ShopRite hold sway, should provide a trial by fire for this aggressive merchandising thrust. If the Montvale, N.J., retailer can stay competitive here, it can move the program into other divisions with confidence.

In explaining the plan, Wood stressed that A&P would only meet, not undercut, rivals, This is, presumably, meant to soothe other operators and head off the possibility of price wars such as WEO sparked a decade ago.

Other elements of the plan include beefing up the work force at test stores, less emphasis on private label and a continuation of the "Action Prices" program under the new name of "Green P Prices."

Demand for beef nosedives

Just when everyone—suppliers, supermarketers and especially shoppers—thought they finally had a handle on the complex beef situation, the rules of this high-stakes game have suddenly started to change. An unexpected shift in consumer product preference has already caused many retailers to reallocate space in the meat case and threatens to force even more dramatic changes in meat merchandising strategy over the next couple of years.

What has happened is that Americans are buying and eating less beef. No one can yet say whether the change will prove permanent, but there's no denying the fact that people are downgrading beef in favor of pork, poultry, fish and vegetable protein in their daily diets.

Last year provided a rude awakening for cattle raisers who thought consumers had sworn eternal love to steak and hamburger. The U.S. Department of Agriculture reports that per capita beef consumption deflated 10.4% in 1979, dropping from 120.1 lb. to 107.6 lb. per person. The average American hasn't eaten so little beef since back in 1967. The only intervening year with a consumption level even remotely as low was 1973—109.6 lb. per capita. And that total occurred at the height of the disastrous period during which many irate shoppers revolted against spiraling beef prices by boycotting the supermarket meat case.

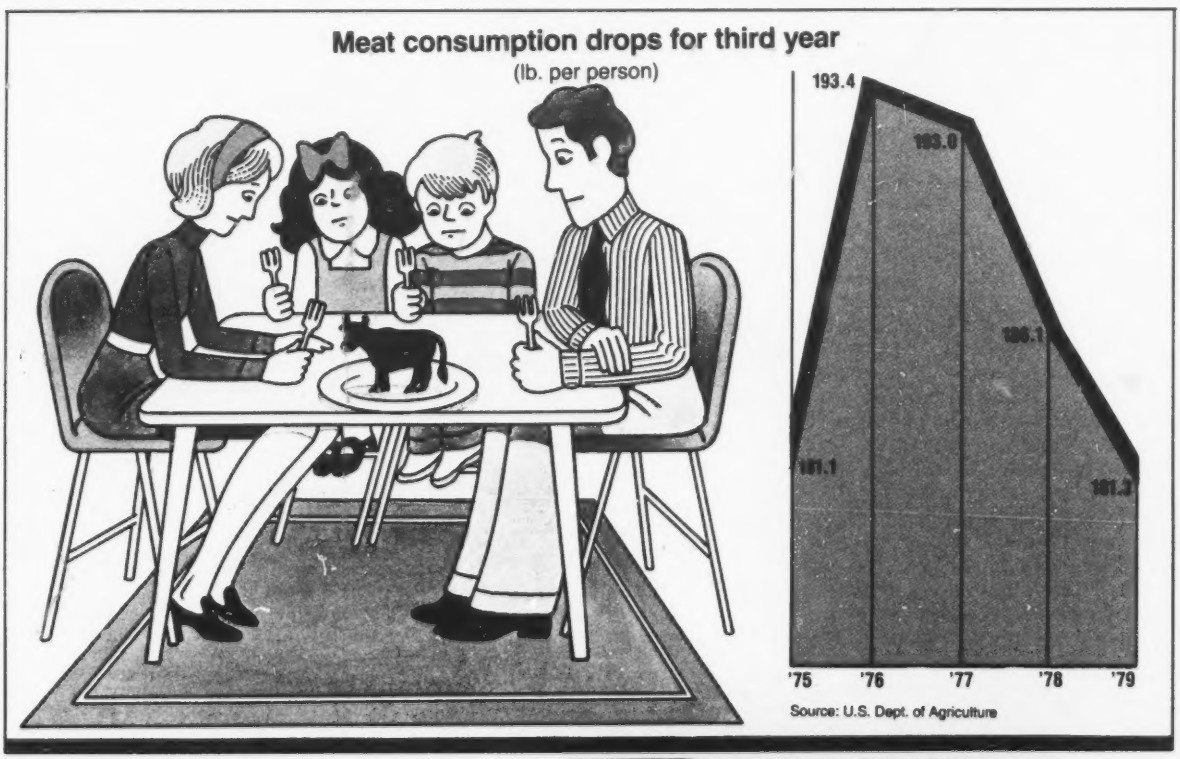
Concerns over health and cost force per capita consumption to lowest level since '67

Price doesn't appear to be the major issue this time. To be sure, beef retails rose markedly in 1979, ballooning to $2.26 per pound for the typical choice cut. Yet the move away from eating so much beef has continued unabated through the current year, despite the fact that prices have increased only moderately.

There are several possible reasons prodding people to substitute other protein sources for beef at some meals:

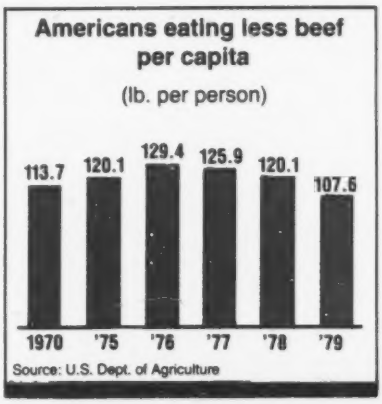
- Worry about cholesterol. The "heavy" beef cuts traditionally favored by consumers—choice and prime—are relatively high in fat content. Though the relationship between animal fat and various ailments is still a subject of medical debate, many people have deemed it wise to reduce their intake.
- Availability of better-priced alternatives. Pork and poultry in particular have been plentiful during the last couple of years. Attractive prices have contributed to a renaissance for pork, and most of that additional tonnage is coming at the expense of supermaket beef volume.
- Increased sophistication about food. The current gourmet cooking craze is shattering the United States' "meat and potatoes" image. Dishes drawn from foreign cuisines that make much more sparing use of red meat are replacing the 1-lb. New York cut sirloin steak on some dinner plates.

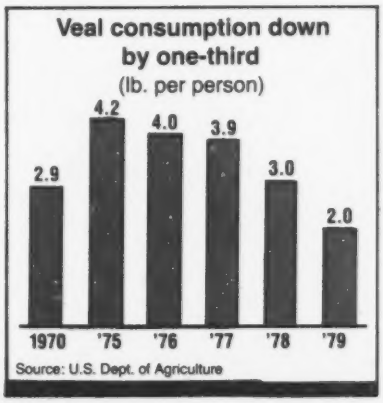
Softening consumer demand collided with a relatively bountiful supply of fed cattle during first half



BEST AVAILABLE COPY

Demand for beef nosedives





Meat prices rise faster than food
(1967 = 100.0)

	1975	1976	1977	1978	1979
All items	161.2	170.5	181.5	195.4	217.4
All food	175.4	180.8	192.2	211.4	234.5
Food at home	175.8	179.5	190.2	210.2	232.9
Food away	174.3	186.1	200.3	218.4	218.4
All meats	177.9	178.2	174.2	206.8	241.9
Beef & veal	170.0	164.5	163.6	201.0	255.8
Pork	196.9	199.5	188.8	213.1	216.4
Other	168.5	176.4	177.3	208.8	239.5

Source: U.S. Dept. of Labor

1980 to produce fairly stable wholesale and retail prices. Supermarket choice beef retails averaged $2.32 during second-quarter 1980, a little less than the first three months of the year or the comparable quarter of 1979. The delayed marketing of cattle from which the DES implants had to be removed made June's production especially large.

Because the dampening effect of huge supplies of alternative meats should lessen during the second half, retail prices for beef can be expected to rise. The fourth quarter should see retails hovering in the $2.47-$2.49 range.

A U.S.D.A. survey of the seven major cattle-producing states shows that feed lot placement remained below normal during the first half. The number of cattle on feed lots in June was the lowest since 1975. This should drastically lower fed cattle marketings during the July-January period.

Increased fed-cattle prices and perhaps a better economic climate are expected to spur placements of cattle on the nation's feed lots during the second half of this year. Thus beef ought to be somewhat more plentiful during the first half of next year as this bumper crop comes to market. □

Generic beef a 'natural'

Hillman's is taking "no frills" to the logical next step by adding a line of generic beef steaks and roasts to the Choice grade items it already sells in its Chicago, Ill., trading area. The super chain, which previously scored Second City firsts with generic produce and frozen foods, is offering a selection of basic cuts produced from Government-graded and inspected Utility cows.

The generic beef is a lot leaner than Choice, but as Hillman's chairman John W. Loeb freely admits, it is also tougher and less tasty. The retailer is promoting sales of this lower-priced alternative by distributing cooking tips that tell shoppers how to get the best results from this economical beef. For example, the steaks are best when panfried or braised and must be marinated overnight to make them suitable for broiling or grilling.

"To show Hillman's confidence in this product, we're offering a full refund to any unsatisfied customer," explains Loeb. Noting that every cut may not be available at all times because the chain must purchase generic beef in whole cows, the ceo added, "From time to time, customer demand may exceed the balance between steaks and roasts, but a full line will be available most of the hours we're open."

Savings vary, but are fairly substantial in all cases. For example, a Choice club steak sells for $3.99 per pound while the same generic beef cut is only $2.89 per pound. Similarly, a Choice rib roast retails for $2.59 per pound, while a generic rib roast is priced at $1.69. □

Hillman's ads trumpet eye-catching savings of generic beef over regular prices.

BEST AVAILABLE COPY

***Supermarkets** are reflecting latest consumption trend away from beef by giving more display space to pork.*

Low prices put pork in super spotlight

In these days of rampant inflation and widespread worry about soaring food prices, it's a pleasant surprise to discover something that is actually cheaper now than it was a year ago. One of the few products successfully bucking the prevailing trend is pork. Despite a rapid rise in consumer demand, which would ordinarily signal the arrival of higher retails, Americans are paying less for principal pork cuts today than they were in 1979. Earlier this year, the differential climbed to as much as 21¢ per pound in some parts of the country.

Reflecting a 15% jump in production during first-half 1980, May's Consumer Price Index showed prices down 7.1% since Jan. 1, 1980, and 13.7% below the same month of the previous year. In fact, when the effect of inflation is taken into account, the "real" price of pork at the current year's midpoint was an astounding 25% below prior year levels. This is the lowest "real" retail price for pork in the last quarter century.

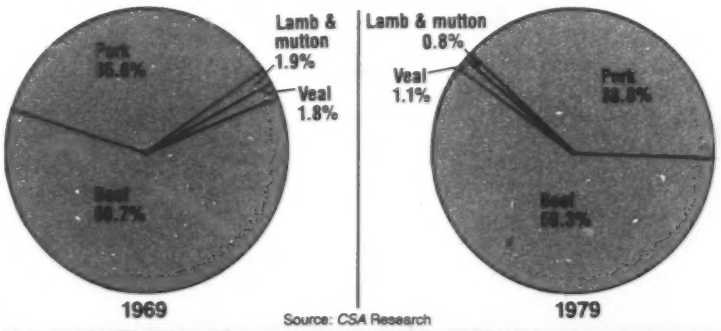
The price of cash hogs in Omaha fell even more precipitously over the same period, reaching a low of $30 per cwt. in April-June. Despite numerous predictions of continued bumper production by U.S.D.A. analysts and other market observers, cash hog prices rebounded quite strongly over the summer, up to $50 per cwt. by September.

Blame the higher prices on the Great Heat Wave of 1980. Besides adversely affecting feed crops such as corn, the record hot spell rendered all forecasts obsolete. The warm weather had two main effects on the pork business:

1. The heat arrested the growth of young pigs. They didn't actually shrivel up in the heat, but they didn't add weight at the proper pace, either.

2. Hot weather makes the boars less fertile. This could well cut into pork marketings this winter as fewer animals come to slaughter from what will probably turn out to be a below-average birth period.

Pork share of market grows



Source: CSA Research

Big supply holds pork prices down
(price per lb.)

	1975	1976	1977	1978	1979
Loin chops	$1.92	$1.89	$1.86	$2.06	$2.13
Sirloin roast	1.33	1.34	1.23	1.44	1.52
Sliced bacon	1.83	1.52	1.40	1.28	1.46
Whole hams	1.19	1.19	1.14	1.28	1.30

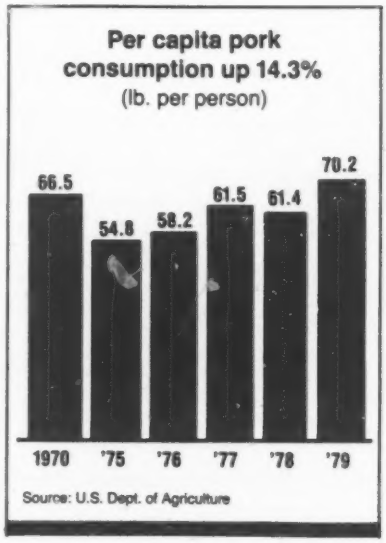
Source: CSA Research

BEST AVAILABLE COPY

Pork in super spotlight

More immediately, the government's guess that pork supplies will be 7% higher than in 1979 now looks a bit too optimistic. An increase of 1%—or even a slight fall-off from the previous year—is much more likely. Supplies of competing meat items, principally beef and poultry, should tighten somewhat, which will also act to shore up pork prices at all levels of the food distribution chain.

Despite the highest per capita pork consumption since the beef-pork World War II era, 70.2 lb., pork may run into softening consumer demand due to the ongoing recession. Undoubtedly, raisers will try to cut down production accordingly, but the lead time between such a decision and a measurable effect on supply can be as long as 17 months as a result of the animal's growth cycle.



Currently, signs point to a sharply reduced pork supply by mid-1981. The June 1 breeding inventory, instead of showing the customary increase over the previous December, fell 100,000 head short. Farrowing (breeding) intentions are also off 8%. This suggests first-half 1981 pork production about 10% below the comparable period of the current year.

Suppliers will also try to firm up demand with some promotion aimed at shoring up pork's image with the public. Ads will stress the fact that pork is not fattening nor as high in cholesterol as some consumers may think, while extolling pork's value as an economical source of protein. □

Heat wave decimates poultry

Poultry, a favorite of low-income shoppers, may not be as plentiful or cheap in 1981.

Call it the case of the phantom chickens. A lot of the bird that the experts expected would reach retail poultry display cases during second half 1980 never got there.

Earlier this year, the U.S.D.A. had optimistically predicted that availability of broilers would essentially continue at previous-year levels with wholesale and retail prices to match. Instead, during the third and fourth quarters, supermarket operators and their customers found themselves facing a significantly tighter supply situation and a wholesale cost up to 10¢ per pound higher.

Blame the weather. The effect of last summer's heat wave on humans made banner headlines, but the relentless 100-degree temperatures also had a near-catastrophic impact on the chicken population.

Approximately eight million birds, equivalent to 1% of total third-quarter production, succumbed to the heat. This loss came at a time when many poultry raisers were already embarked on a program of reducing their output of broilers. July hatchings fell 2% below the same month of 1979, slaughter weight dipped 3% and total production lagged 8% behind the comparable period of the previous year. As a result, the wholesale price of broilers surged from 39¢ a pound on June 1 to 59¢ a pound on July 15 before settling down to a more modest 43¢.

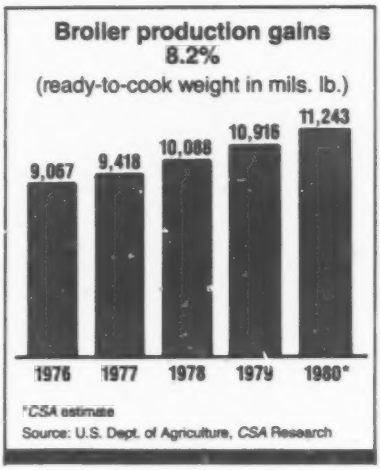
More important for the long pull, believes U.S.D.A. analyst Alan Baker, is that the heat killed an estimated 1.1 million breeding hens. This will drastically reduce potential production at least through first-quarter 1981. Although broilers are raised on a relatively short 11-week cycle, "grandparent" stock—the chickens that hatch the chickens that hatch the broilers sold in supermarkets—was particularly hard hit.

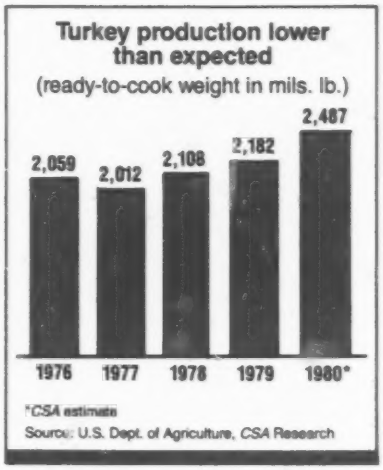
Tighter supplies and prices are in

Heat wave decimates poultry

the offing for 1981. Production is expected to drop 3% during the first half, causing wholesale prices to hover in the 51¢-53¢ range.

There won't be as many Thanksgiving turkey bargains as some retailers might have anticipated during first-quarter 1980. In the January-June 1980 period, record production, huge reserve stocks, lower prices on competing meats and the usual seasonal weakness in consumer demand combined to drive turkey prices about 12¢ per pound below the first six months of 1979. The summer heat disrupted things enough to send prices ballooning during the third quarter—about 3¢ per pound over last year. □





Lamb picture turns darker

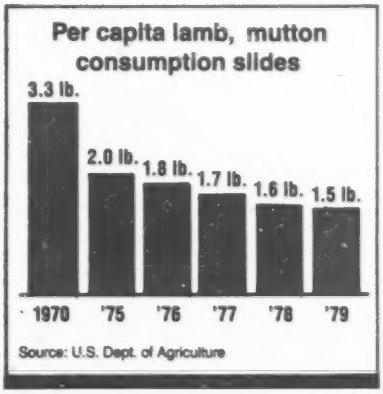
One single, inescapable fact sums up the current lamb situation in this country: Americans ate less than half as much lamb last year as they did as recently as 1972. And per capita lamb consumption slipped still another small notch in 1979, dipping to 1.5 lb. per person from the previous record low point of 1.6 lb. recorded in the previous year.

Wide-ranging promotional efforts mounted by the Lamb Council (on behalf of domestic producers) and the New Zealand Lamb Company (representing the most important source of foreign lamb) have thus far fallen on deaf ears. Outside the traditional Northeast bastions of lamb popularity like New York City, the usually swayable public has displayed surprising resistance to tempting invitations to sample various lamb cuts.

What market there is is two-tiered. Due to production efficiencies, lamb from New Zealand in frozen form is priced lower than domestic and is favored by budget-minded shoppers. U.S. output, sold fresh, has a lock on the upscale end of the business.

Imports, which actually rose slightly in 1979, currently account for about 15% of the total lamb supply. United States production continues to fall, dropping under 300 millions lb. for the first time. (Reportedly, individual plants in New Zealand process as much lamb per day as the entire United States lamb industry.)

With retail prices still rising despite weak demand, it is hard to make positive predictions about lamb. Certainly, with loin chops hovering at the $4-per-lb. mark, this is not a meat likely to get new business from shoppers scared off by high prices for other meats. □



Wholesaler course covers meaty topics

Store managers, meat department supervisors and first cutters are getting an intensive education in the fine points of meat retailing through a special three-day workshop course developed by McLain Grocery Co., Massillon, Ohio.

Conducted by Ron Kapcsos, a 23-year veteran of the business, the course is limited to 14 students at a time so that each receives intensive and personal instruction. "The three days of learning are designed so that everyone walks out able to go to the store and immediately implement what he's learned without any problems," says teacher Kapcsos.

The program was developed after two years of studying the meat department, and the meat scholars make use of special instructional materials created by McLain for this course. Each part of the course is covered by an individual self-instruction guide complete with pictures, forms and solutions to the most frequently encountered problems.

Each 9 to 5 class day is devoted to a single major topic. The first day's lesson focuses on the cutting test. Kapcsos shows his pupils how to evaluate such a test and how the information it generates can help the meat manager determine salable yield, retail prices and proper merchandising.

How to determine profit on meat ads is the principal topic on the workshop's second day. One of the key points treated is how to project total meat department profit *before* finalizing retail prices.

H&BA arms for cold war

Sales of products for cold symptom relief reached $393 million in supers last year.

Self-medication trend helps supers lead billion-dollar cold remedy category

No one is immune to the miseries of the cold season. The appearance of Jack Frost sets virtually everyone looking for a product to relieve or prevent woes ranging from sneezes and sniffles to dry, chapped skin. And the place they're looking for help is the supermarket.

Shoppers spent $642.12 million in supers last year on cold symptom relief, pain relief, vitamins and tonics, and creams and lotions—and last winter was a mild one. The cold weather many forecast for this winter could mean a real bonanza for retailers who are prepared to supply the cold season's shoppers with cough syrup and vitamin C—at gross margins as high as 35.1%.

Self-medication is probably the biggest reason for the boom in over-the-counter drugs. With money tight, people are less inclined to run to the doctor with a sore throat or stuffy head. Instead, they stop at the health and beauty aids section of their supermarket. After all, they're there between two and three times a week to buy food anyway. No one wants to waste expensive gas to drive to the drug store, and time is as tightly budgeted as money in these days of working wives and mothers.

Cold comfort: Millions of people will have to search for relief from cold symptoms as long as there's still no cure for the common cold. For the past few years, the biggest movers in the cold relief category have been the multisymptom preparations. Brands such as Co-Tylenol and Comtrex are attracting consumers away from many of the products designed to treat only one or two of the discomfits caused by colds. Joseph Morano, vice president, Bristol-Myers, claims that Comtrex is the only cough and cold product showing unit growth. Morano adds that with drug stores often shrinking their H&BA sections in order to diversify, supermarket sales are becoming more and more important. He notes that Bristol-Myers is now designing food store programs for Comtrex, and says that they're anxious to see more preplanning to avoid out-of-stocks, as well as greater use of shelf extenders and displays during the cold season.

One retailer who supports the idea of using simple yet effective promotions to keep the category active is A&P. James Staeb of the Tea Company says that shelf extenders and cross-merchandising increase sales during the cold season. Tying in cold symptom relievers with such items as tissues and canned orange juice keeps A&P's cash registers ringing.

Established brands aren't taking the success of relative newcomers like Comtrex lying down, however. Menley & James has increased Contac's decongestant content by 50% and antihistamines by 100% to reach maximum allowable dosages. Vicks has repackaged DayCare liquid and introduced a capsule version of the product. Vicks' Nyquil continues to do very well, and, says the company, overtook Contac and Dristan in the 1979-80 cold season.

Other manufacturers that tradi-

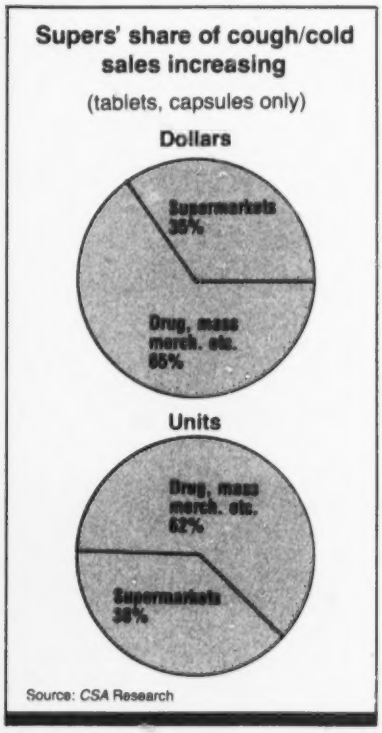
H&BA arms for cold war

***Special** endcap displays are increasingly popular merchandising technique.*

tionally dealt only with drug stores have also joined the present swing toward supers. Terry Stevens of Burroughs Wellcome flatly states that now "supermarkets dominate the cold industry." He says that according to Towne-Oller figures, their Sudafed is the No. 1 tablet in drug stores and that supermarketers are showing increased interest. Stevens adds that his company, which only recently moved over from ethicals, views its "professional image" as an asset, which it expects will also reflect well on new Sudafed cough syrup.

Dorsey Laboratories is another cough syrup producer that sees steady growth in supers. Triaminic became available to nondrug outlets only last year, and it is one of the few brands that is increasing market share.

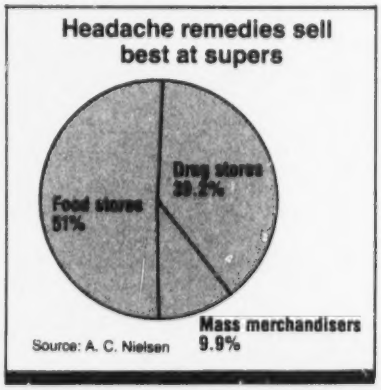
The top contenders in the cough syrup arena are Vicks and Robitussin. By the end of the last cold/flu season, Vicks, with Formula 44 and 44D, and the four major Robitussin products were dividing about one half of the business. Robitussin is another johnny-comelately to supermarkets, having only joined the battle for food shoppers' dollars three years ago.



Total retail cough syrup volume in all outlets is now about $275 million, up 10% from last season. This makes it one of the fastest-growing H&BA categories, and the trend shows no signs of slowing down.

With liquid, capsule and tablet cold relievers producing about $400 million in retail sales, the addition of such items as nasal sprays may well make this the largest H&BA category in all outlets, topping $1 billion.

Pain relievers: Sales of internal pain relievers in supermarkets hit a



hefty $418.42 million in 1979, up 29.57% from the previous year. With an average gross margin of 24.5%, that meant healthy profits for supermarketers.

The A. C. Nielsen Co. now shows food stores responsible for 51% of headache remedy volume and 47% of the sinus headache remedy category. Supermarkets have grabbed these sales from drug stores and other outlets by increasing category space and capitalizing on promotions.

One product with climbing sales and even faster-than-average growth in supers is Bayer aspirin. In the face of constant pressure from private label and generic brands, which have found aspirin one of the few vulnerable internal medications, Bayer has managed to increase its market share. Peter DiCrecenzo of Glenbrook Labs, makers of Bayer, notes that the product does "extremely well" during the cold season and forecasts a resurgence of aspirin use for cold relief. Although he sees the paradox of this trend in light of the recent success of multisymptom cold relievers, DiCrecenzo points out that each type of product seems to appeal to different kinds of consumers. Aspirin users may be part of a "back to the basics" trend.

Bill Lynch, national sales manager for Tylenol, predicts this cold season will bring more liquid *and* capsule formulations into the marketplace. Capsules, which usually represent an "extra strength" formula, have captured a large segment of the market. Extra-Strength Tylenol is in the forefront of this movement.

Another extra-strength capsule doing well is American Home Products' Anacin Maximum Strength Capsules. Joining the fray this fall is Excedrin Extra-Strength Capsules. Interestingly, the Bristol-Myers entry is backed by a heavy ad campaign largely geared toward women between 18 and 34, the largest demographic group among supermarket shoppers.

Certainly no one is ignoring self-medication in this area, either. This extension of the "do-it-yourself" trend has both retailers and manufacturers expecting sales to climb, with those in supermarkets moving at a faster rate than anywhere else.

Vitamins: Many people perceive vitamins as preventative of the ills associated with the cold season, in terms of establishing better health in general and specifically in preventing colds. Although the value of vitamins in preventing or curing

BEST AVAILABLE COPY

H&BA arms for cold war

Tie-in of creams and lotions with "medications" completes cold season section.

colds is still a matter of controversy, it seems the general public has made its decision—or at least isn't taking any chances. C is what's hot.

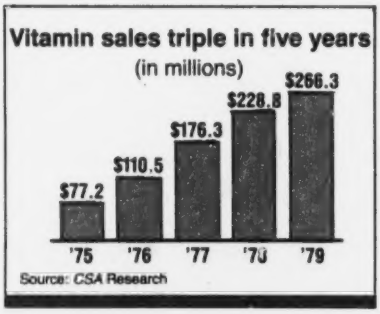
Jim Martin Jr., president of Vita Fresh, points out that the trend now is toward C in higher dosages. Two to three years ago, he reports, vitamin C in 250mg tablets was the biggest seller. Today, 500- and 1,000-mg dosages are racking up the big movement.

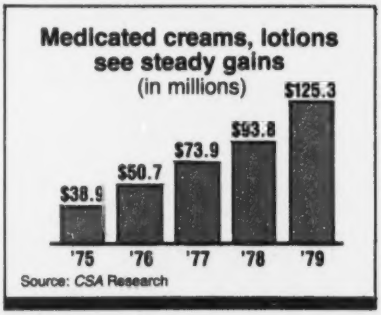
Multivitamin producers aren't ignoring C, either. Miles Labs has added a Flintstones with Extra C to their successful children's chewables line, and One-A-Day C500 for adults. A. H. Robins' Albee C800 also hopes to appeal to consumers who want extra vitamin C but who already also take a multiple vitamin.

Creams and lotions: Both medicated and beauty creams and lotions are categories to watch. Thompson Medical Co. is promoting analgesic Aspercreme with a $4-million advertising campaign, redesigned packaging and two new sizes.

Cold weather sees many consumers searching for products to relieve dry and chapped skin. In 1979, sales of these products in supermarkets jumped a hefty 49.89%. Many manufacturers offer promotions to tie-in with the onslaught of bad weather. Nivea Moisturizing Creme and Lotion, for example, is repeating a 1979 bonus merchandise pack promotion.

Cross-merchandising creams and lotions with the other three cold season movers could make sales soar past the $187.68 million supermarkets produced in 1979. □





N.Y. super ready for "Sneezin' Season"

In Syracuse, N.Y., where the cold and flu season starts with October's snowfall and ends with the showers of early May, Jerry Frat, the nonfoods buyer at P&C Food Markets, has devised a system that makes the most of his captive market.

Frat's merchandising plan begins way back in August when he sends all P&C managers a "Sneezin' Season" survey kit, a booklet containing information on 15 different cold remedy and cough products. Included is a photograph of the shipper display, details on the season's promotional offers and advertising plans, and the date goods will be available.

For example, available in September was a 48-pack Robitussin shipper with a wholesale cost of $79.20, pegged at a 39% margin. Managers read that Robitussin planned to advertise heavily on television, in professional journals and in women's magazines. A 36-pack shipper of Novahistine, wholesaling for $84.24, was available in October. A free Multiple Vitamins mail-in offer accompanied the cough and cold serum display. Using this kind of information, managers put together their product mix.

Thomas McKeowan, a P&C manager in Wynantskill, N.Y., a rural area just outside Troy, attributes his last year's 25% increase in sales to the Sneezin' Season program. When McKeowan receives the shippers he sent for, an endcap display is set up for two 10-week periods—October to mid-November and January to mid-March. In between those dates, P&C leaves room for holiday promotional sales.

The shippers come from P&C headquarters with hanging signs and easels for McKeowan to set up his own POP signing program. The "mammoth endcaps," as McKeowan calls them, are composed of half a dozen cold remedy shippers around which canned orange and tomato juice are stacked. Private label facial tissues and EXCEL, P&C's private label vitamins, complete the Sneezin' Season program.

BEST AVAILABLE COPY

Jewel to merge with Sav-On

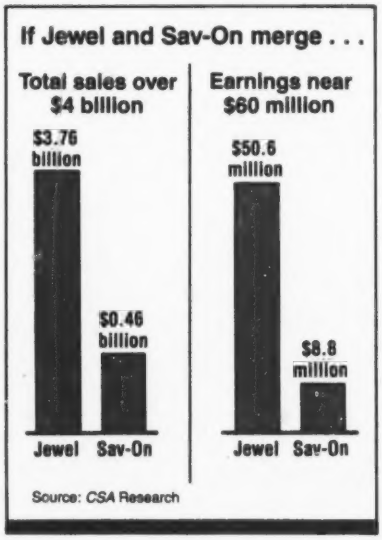
Jewel Cos. is finally getting to the altar with a drug chain. A long-standing desire to strengthen its position in the lucrative Sunbelt region is the prime impetus behind Jewel's third merger try in as many years. Thwarted in its previous attempts to join with Skaggs and then Pay Less Drugs, the Chicago, Ill., retailing giant is finally closing in on a takeover deal with Anaheim, Calif.-based Sav-On Drugs.

Even this move, the ultimate success of which depends on which way the Call family will jump with its approximate 50% interest in Sav-On, hasn't gone quite as smoothly as Jewel executives would have liked. The company's initial offering of $18 a share reached its Sept. 9 deadline far short of the goal of securing 3,350,000. A 10-day extension had little discernible effect, leaving Jewel with roughly 2,100,000 Sav-On shares in hand.

Enter phase two. "We know that a substantial number of Sav-On holders want to receive Jewel stock instead of cash—for tax purposes," claims Larry Howe, vice chairman.

To facilitate the swap, Jewel is issuing $2.31 cumulative convertible preferred stock. Sav-On holders will have the chance to swap one share of the drug chain's stock for 0.72 shares of the Jewel preferred, which has a liquidation preference of $25 and is convertible at the rate of one share of preferred equaling 0.713 of common.

The Call family, descendants of Sav-On's founder, hold the balance of power. Although there was no word on whether they would participate in the stock swap as *CSA Supermarkets* goes to press, it is considered likely that they will take advantage of the buy-out. Most of the Calls active in the business are getting on in years and have reportedly been offered two-year management contracts by Jewel in the event the takeover bid goes through.



In Sav-On, Jewel gets an operator of 140 super drug and home convenience centers in California, Houston, Texas and Las Vegas, Nev.—a known name with a good image in the all-important Sunbelt region. The nation's 10th largest drug operation had sales of $456,169,000 in its most recent fiscal year. Earnings were $8,750,000, down somewhat from the previous year due to a switch to the LIFO method of inventory evaluation.

Jewel has made no secret of the fact that it would like to find a drug chain partner to further develop its combination store program. Profitability is at least twice as high for the combo units as for conventional supermarkets.

Red ink flows for Tea Co.

Red is the color at the bottom of A&P's balance sheet for the first half ended Aug. 23, and remarks by chairman James Wood indicate that more bullet-biting is in store before the Montvale, N.J., chain once more emerges from the wilderness.

A&P rolled up a $30,897,000 loss for the six-month period while posting a minuscule gain in volume to $3,354,801,000. During the same period of the previous fiscal year, sales were $3,344,262,000, and the chain showed earnings of $8,532,000. The Tea Company achieved its results with 1,530 stores, 21 fewer than it was operating at the halfway point in the previous fiscal year.

Wood pointed out that $9,400,000 of the second-quarter loss is attributable to a provision to cover the projected costs of the employee severance and early retirement program that management hopes will "balance the store labor force." This program, made possible by A&P's recently completed union negotiations, is deemed necessary if the beleagured retailer is to return to a fully competitive position. The operation has been plagued by a surplus of senior store help since the mass closings of the Jonathan Scott regime.

Supermarket Financial Scoreboard

Operation	Period	Date	Sales	% Inc./ Dec.	Net Income	% Inc./ Dec.	Net-to-sales ratio
Allied	Year	6/28	$ 534,833,000	−11.6	$19,795,000	+163.0	3.70
Niagara	Year	6/28	502,155,029	+ 8.2	9,013,406	+ 3.7	1.79
Pueblo	6 mos.	7/26	180,532,000	+13.2	1,893,000	− 0.4	1.05
Stop & Shop	6 mos.	8/13	1,031,925,000	+ 6.7	(2,676,000)	—	—
Sentry	6 mos.	8/23	190,975,000	+ 5.4	1,384,000	− 29.6	0.72
Super Valu	6 mos.	9/6	2,099,557,000	+16.6	26,325,000	+ 24.6	1.25
Conns	3 mos.	8/17	44,270,407	+66.0	787,940	+ 4.5	1.78

Figures in parentheses denote loss. Source: Chain Store Age Research

BEST AVAILABLE COPY